

Minnesota Department of Employment and Economic Development

Angel Tax Credit Program

Qualified Small Business Checklist

Before completing a Qualified Small Business Certification Application, businesses should complete this checklist to determine whether they might qualify for certification under the Angel Tax Credit Program. If a business can answer “Yes” to each question, it may qualify for certification.

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|---|------------------------------|-----------------------------|
| 1. Is the business headquartered in Minnesota? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Are at least 51% of the business’ employees employed in Minnesota? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Is at least 51% of the business’ payroll paid or incurred in Minnesota? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Does the business have fewer than 25 employees?
(measured in full-time equivalents) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Is every employee paid at least annual wages of at least 175% of the federal poverty guideline for the year for a family of four?
(excluding executives, officers, board member, & employees owning 20%; includes wages & benefits; prorated for non full-time employees) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Has the business been in operation 10 years or less?
(20 years if medical device or pharmaceutical requiring FDA approval) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Has the business previously received less than \$4million in private equity investments?
(includes owner’s/officer’s investments) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. Has the business previously received less than \$4 million in investments that have qualified for and received Angel Tax Credits? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Do no securities issued by the business trade on a public exchange? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Has the business <u>not</u> been disqualified under Minnesota’s small corporate offering registration statute? (Minn. Stat. 80A.50(b)(3)) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. Is the business engaged in a primary activity that falls within the parameters of the Angel Tax Credit Program? (see below) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

The business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

- a. Using proprietary technology¹ to add value to a product, process, or service in a qualified high-technology field²
- b. Researching or developing a proprietary product, process, or service in a qualified high-technology field²
- c. Researching, developing, or producing a new proprietary technology¹ for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation
- d. Researching, developing, or producing a proprietary³ product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation

¹Proprietary technology means technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

²Qualified high-technology fields include aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, material science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields.

³Proprietary means unique and legally owned or licensed by a business and includes, without limitation, those that are patented, patent pending, a subject of trade secrets, or copyrighted.